



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
DARRELL V. MCGRAW, JR.
CONSUMER PROTECTION DIVISION
1-800-368-8808 or 304-558-8986

Press Release

December 22, 2005

FOR IMMEDIATE RELEASE
CONTACT: CHARLI FULTON

304-558-8986
1-800-368-8808

DATA SECURITY BREACH EXPOSES WEST VIRGINIA RESIDENTS TO RISK OF IDENTITY THEFT

On Monday, December 20, Darrell Mitchell, a Mason resident, received a disturbing letter from his mortgage lender, ABN AMRO Mortgage Group, Inc. The letter, dated December 16, stated that a computer tape containing the name, account information, payment history, and Social Security numbers of ABN AMRO's residential mortgage customers had been lost after being picked up for shipment to a credit reporting agency. The company advised Mr. Mitchell to place fraud alerts on his credit reports at the three major credit reporting agencies and to get a copy of his credit report from each of them. The company had also arranged for him to enroll in a 90-day credit monitoring program at no cost to him. That night Mr. Mitchell's wife did not sleep.

What the letter did not say was that the data tape had already been missing since November 18, nearly a month before ABN AMRO wrote the letter to Mr. Mitchell. ABN AMRO Mortgage Group, Inc. is a part of LaSalle Bank Corporation, which is a subsidiary of Dutch Bank, ABN AMRO Bank N.V. According to press sources, the tape disappeared after being picked up for delivery by DHL from ABN AMRO's Chicago data processing center. The tape contained the data for two million residential mortgage customers.

Darrell Mitchell was just one of several West Virginia consumers who called Attorney General Darrell McGraw's Consumer Protection Division the next day, asking how to protect themselves from identity theft as a result of this security breach. Recent changes in federal law provide some protection, but these laws have not been fully effective. Under the 2003 amendments to the Federal Fair Credit Reporting Act, consumers may place an initial "fraud alert" on their credit reports for 90 days. During this period, the credit reporting agency must display an alert which notifies all users that the consumer may be a victim of fraud, including identity theft. After 90 days, however, the consumer must submit a qualifying identity theft report from a law enforcement agency in order to obtain an extended fraud alert. An extended alert, which can last up to seven years, requires all users of a consumer credit report to verify the consumer's identity by telephone before proceeding with any credit transaction. Unfortunately, many consumers have difficulty obtaining an extended alert because law enforcement agencies sometimes refuse to take such reports.

Several states have passed laws providing additional safeguards to prevent or remedy the effects of data security breaches; however, West Virginia has no such laws. In fact, there is no West Virginia law that even requires that consumers be notified when a company's database has been breached. Attorney General McGraw will propose such legislation in the upcoming legislative session. "The huge increase in identity theft makes it urgent for the legislature to pass strong security breach notification and security freeze laws to protect our citizens," McGraw stated. "This latest security breach exposing West Virginia citizens to the risk of identity theft is just one more example of why such laws are needed."

The public first began learning about data security breaches as a result of California's security breach notification law, which went into effect on July 1, 2003. The California statute requires businesses and California public institutions to notify Californians about any breach of security of their computer information systems in which unencrypted personal information was, or is reasonably believed to have been, acquired by an unauthorized person. Since then, the public has become so

concerned about security breaches that 20 additional states have enacted security breach notification laws.

Several states have enacted stronger laws to help consumers combat the rapidly escalating outbreak of security breaches. Under these new security freeze laws, consumers are allowed to place "security freezes" on their credit reports. A security freeze allows the consumer to control who will receive a copy of his or her credit report. This makes it nearly impossible for criminals to use stolen information to open an account in the consumer's name.

There may be a happy ending for Mr. Mitchell and the other West Virginia consumers whose data was lost. On December 20, ABN AMRO announced that the missing computer tape has been found. The mortgage company has no evidence of misuse of the data but is continuing to investigate. In the meantime, all the consumers can do is worry and wait.

For more information or to file a complaint, please contact the Attorney General's Consumer Protection Division. Call 1-800-368-8808, write to P.O. Box 1789, Charleston, WV 25326-1789, or by downloading a complaint form from the consumer webpage. For more information about the Model State Clean Credit and Identity Theft Protection Act, go to www.financialprivacynow.org and click on "Learn More" or contact Consumers Union at 1535 Mission Street, San Francisco, CA 94102 or 415-431-6747.

To download and print a complaint form, please click on the General Complaint Form link at the top of this page.

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